

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Mail Processing Network Rationalization
Service Standard Changes, 2012

Docket No. N2012-1

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF FILING OF PUBLIC AND NON-PUBLIC LIBRARY REFERENCES
(January 20, 2012)

The United States Postal Service hereby gives notice of the filing today of the following public library reference in Docket No. N2012-1:

LR-N2012-1/48

**Public Materials Provided in Response to
POIR No. 1, Question 16(b)**

The Postal Service also gives notice of the filing today of the following nonpublic library reference in Docket No. N2012-1:

LR-N2012-1/NP10

**Non-Public Materials Provided in Response to
POIR No. 1, Question 16(b)**

These Category 4 library references provide information in response to Question 16(b) of Presiding Officer's Information Request No. 1. The preface page included in each library reference describes the contents in more detail. An Application for Nonpublic Treatment of Library Reference LR-N2012-1/NP10 appears at Attachment One to this Notice. The application presents the statutory basis for the Postal Service's request for confidentiality for LR-N2012-1/NP10, as well as a description of the harm that would result from the library reference's disclosure.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR
NONPUBLIC TREATMENT OF LIBRARY REFERENCE LR-N2012-1/NP10**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225, the United States Postal Service hereby applies for nonpublic treatment of data filed under seal with the Commission as LR-N2012-1/NP10. These materials, which are being provided in response to Question 16(b) of Presiding Officer's Information Request No.1, consist of data that reveal FY 2009 and FY 2010 daily volumes and workhours by tour for MODS operations for Priority Mail, Express Mail and other competitive products that originate and/or are delivered in the service area of specific Processing & Distribution Centers (or Processing & Distribution Facilities), as well as all MODS data for International Service Centers. The workhours data consist of facility-specific operations data from which the relative magnitude of facility-specific Priority Mail and other competitive volumes may reasonably be deduced.

Specifically, for both FY 2009 and FY 2010, the following information has been provided by tour for each day, for all MODS operations at all plants and NDCs, for all operations for competitive products and international products and all ISC operations:

fhp – MODS First-Handling Pieces (FHP)
tph – MODS Total Pieces Handled (TPH)
nonaddtph – MODS Non-Add TPH
tpf – MODS Total Pieces Fed (TPF)
hours – MODS workhours

The public version of these data appear in LR-N2012-1/48. The ISC data are redacted from LR-N2012-1/48, and the data for operations for competitive and international products for the plants and NDCs are provided in aggregate by facility in LR-N2012-1/48. A full list of the competitive and international product operations that have been aggregated appear in the preface to LR-N2012-1/48.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the information covered by this application falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The data designated as nonpublic consist of (a) commercial information revealing the volumes of Priority Mail and other competitive products, and international products originating or delivered within the service areas of specific postal mail processing facilities; and (b) operational data revealing the resources associated with Priority Mail workload at specific mail processing plants which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated volume data reflecting the originating or destinating volumes for specific market or service areas, or operational data that

would permit competitors to deduce the relative volume levels associated with specific markets or delivery areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).¹

(2) Identification, including name, phone number, and email address for any thirdparty who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

None.

(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;

The responsive data consist of the volumes of FY 2009 and FY 2010 competitive and international products that originate within or are delivered within the service area of specific postal mail processing facilities. Or the data reveal facility-specific postal resources and workload associated with competitive and international product processing at particular mail processing plants.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1 (Mar. 20, 2009), at 11.

likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the expedited delivery market. Revelation of the volume of Priority Mail originating or delivered within a particular market, as defined by the service area of a specific P&DC or P&DF, would unfairly, to the economic detriment of the Postal Service, permit competitors to: (1) gain specific insight into local Postal Service customer behavior; including daily and tour-specific information; (2) better gauge the size of the expedited delivery market in specific service areas; (3) develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and (4) more keenly determine the direction in which to adjust the prices for their products that compete with Priority Mail by location and seasonal, weekly, monthly patterns.

In the absence of facility-specific volume data, postal competitors with access to data reflecting facility-specific resources associated with Priority Mail operations could still obtain valuable insight regarding the likely relative magnitude of Priority Mail volume in different markets, as defined by the service areas of specific mail processing plants, to the economic detriment of the Postal Service.

(5) At least one specific hypothetical, illustrative example of each alleged harm; Identified harm:

Harm: Public disclosure of the Priority Mail volume or operational data in library reference N2010-1/NP10 would be used by competitors of the Postal Service to the detriment of the Postal Service.

Hypothetical: A competitor's representative obtains access to the data in Library Reference LR-N2010-1/NP10. It analyzes the data to assess the nature and scale of that portion of the Postal Service's expedited delivery business consisting of

Priority Mail originating in a particular market in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it can adjust its product offerings, prices, operations and marketing activities to compete for the volume represented by these data by location and seasonal, weekly, monthly patterns.

The competitor gains valuable market intelligence without having to make an investment in research. The competitor can then tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access data regarding its competitors' expedited package volumes.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys.

Additionally, the Postal Service believes that actual or potential customers of the Postal Service for competitive products should not be provided access to the nonpublic materials.

(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the information appearing in LR-N2012-1/NP10.